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the steps or all of the motives by which we were placed in a situation where war was inevitable is an argument to the effect that might makes right.

The theme goes on through the administrations of Jackson and Polk, showing that both were patient beyond need, and strove to avoid war or taking territory from Mexico. The points are well put. One of the best worked out is the demonstration that Mexico held the belief, backed by foreign opinion, that she would win if war came. This offers a new interpretation to explain our pre-war ebullieny, for we did not anticipate how difficult it would be to "revel in the Halls of the Montezumas".

Professor Smith denies that desire for more slave area, or for California, or the Texas boundary, were real causes of the conflict. Nor did Polk cherish secret ambition for expansion. The war was essentially due to the annexation of Texas, but the general cause of hostilities was the series of unpleasant incidents, from Poinsett to Slidell, which had been used as stock in trade by Mexican politicians to foster hatred for the United States. Paredes used this tradition to bring on war to cement his power. Hence an attack upon our army was ordered. "This was the precise cause of the war," (I. 190).

As a nationalistic, partisan history, the book makes a good case for the author's contention. If it had been written from the continental rather than the national viewpoint, the element of justification for the acts of one party or other to the conflict would have received less attention. Not the rancors precedent to a conflict, but the event of it, the gain in well-being of peoples, justify wars. The clash of psychologies along the southern border takes a trend almost purely biological. There is no question of justification for the hound that catches the hare, nor culpability for the hare that is caught. There is inexorableness. The Mexican War was inexorable. Our new American Southwest is the justification—of Darwin.

HERBERT INGRAM PRIESTLEY.

Present and Past Banking in Mexico. By WALTER FLAVIUS McCaleb.
(New York: Harper & Brothers, 1920. Pp. xxii, 269. \$2.00.)

This volume is the first to be published of the researches carried on under the auspices of the Foundation for the study of Mexican affairs established by Mr. E. L. Doheny of Los Angeles in 1917. In the words of the author, the book is an attempt "to trace the history of the credit

institutions of the country from their initial stages down to the present time", and "to stress the salient facts in the extraordinary story of the rise and fall of banking in our neighboring republic" (p. xii).

The history of banking in Mexico may be divided into four main periods. The first period, the rudimentary beginnings, may be said to have closed with the end of the González administration in 1884. That year witnessed the founding of the Banco Nacional, and the promulgation of the Code of Commerce which, in the words of Finance Minister La Peña, was prepared largely to define "the general bases to which banking institutions must conform" (pp. 27-28). The issuance of this Code marked the first step away from the scheme of specially chartered institutions, and it contains many of the essential bases upon which Limantour afterwards built.

The second period, from 1884 to 1897, was a period of experiment and transition. It proved difficult to bring the special concessions of the individual institutions into harmony with the general provisions of the Code of Commerce, and Limantour determined to promulgate the general banking law of 1897 and to bring all the banks into line.

The third period, from 1897 to the Madero revolution of 1911, was the heyday of Mexican banking development. Banks multiplied from 16 in 1898 to double that number in 1909, their capital and assets grew rapidly, and on the whole they prospered greatly. Yet the banking structure was not wholly sound. The funds of the banks were invested to a large extent in non-liquid assets. Furthermore, many institutions had adopted the dangerous practice of favoritism in loans to friends and to their own officers and directors, had tied up much capital in subsidiary enterprises (many of them unsound), and had made advances based upon hypothecation of the shares of affiliated institutions. Limantour took strong measures to reform the situation in 1908-09, but the revolution broke before the measures had borne full fruit.

The revolutionary period, since 1911, has witnessed the decline and fall of credit institutions in Mexico. The chapters which Dr. McCaleb devotes to this period (pp. 203-260) are sketchy but full of interest. According to our author, Madero "levied upon the banks with callous hand", and his policy meant "destruction by virtue of looting or through dissipation of the . . . assets" (p. 203); Huerta levied forced loans, making the banks take national bonds (which could not be placed abroad) in exchange for bank-notes (pp. 215-21); Villa seized cash and bank-notes (p. 217); while Carranza forced the banks into liquidation.

annulled most of the concessions, and borrowed their specie reserves to meet the deficits of the Treasury (pp. 230 et seq.). Of special interest is a memorandum, cited in full, prepared for Dr. McCaleb by Señor F. G. Camacho, Chief of the Department of Banking under the Carranza administration, in which the policy of that administration toward the banks is set forth and explained (pp. 251-255).

Dr. McCaleb has based his study both upon such documentary data as were to be found in libraries and upon data collected in the course of a field investigation in the United States and Mexico. He has conferred with many who have been engaged in banking and other business in Mexico and with officials of the several Mexican administrations. The result of his study is a well-proportioned survey of the subject, judicial in tone. At times the main lines of the narrative are beclouded by details, but this is due more to the complexity of the subject than to the style of the writer. This volume should be of interest to many interested in Mexican questions other than banking, since the data there presented assist the reader to appraise the policies followed in the régimes of Díaz and his successors.

The reviewer finds little from which he would dissent except on certain points (not of first importance to the main argument) respecting monetary questions. The statement that, owing to the monetary reform of 1905,

The wage scales had need to be revised in all their schedules, running through agriculture, mining, and industry. Prices of goods in every mart had to be overhauled; tariff schedules and taxes of all types had need to be revamped to meet the changed conditions.

is not supported by evidence in the book. The reviewer is not aware of facts which justify such a broad statement. Indeed, Dr. McCaleb says on page 195 that the transition from a silver to a gold standard "on the surface, appeared to have been made without a ripple of disturbance".

It would have been interesting had Dr. McCaleb found it possible to describe more fully the activities in Mexico of private banks and branches of foreign banks, also had he considered further the extent to which Mexican and foreign interests relatively were concerned in the ownership and management of the financial institutions of the country.

The Spanish word "reservas" is translated "reserves" (*e.g.*, pp. 88-90, 101), but the corresponding American equivalent in banking terminology is "surplus". On page 13, "1819" should read "1919".

ARTHUR N. YOUNG.